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**Prepared By:** Xochitl Gomez

**Approved By:** Daniel Archibald

**Report Highlights:**

The following is part of a series of reports prepared by the Agricultural Trade Offices (ATOs) in Monterrey and Mexico City, to provide background on local and regional markets of interest for current and prospective exporters of U.S. food and beverage products. This specific report highlights the Monterrey metropolitan area, the country's second-largest urban area after Mexico City. Monterrey is an industrial and commercial hub of Northern Mexico with close ties to the United States, and as a result the country's wealthiest city per capita. The information contained in this report is intended to identify market opportunities among the major retail and foodservice establishments catering to both local consumers and a robust and growing business travel segment.

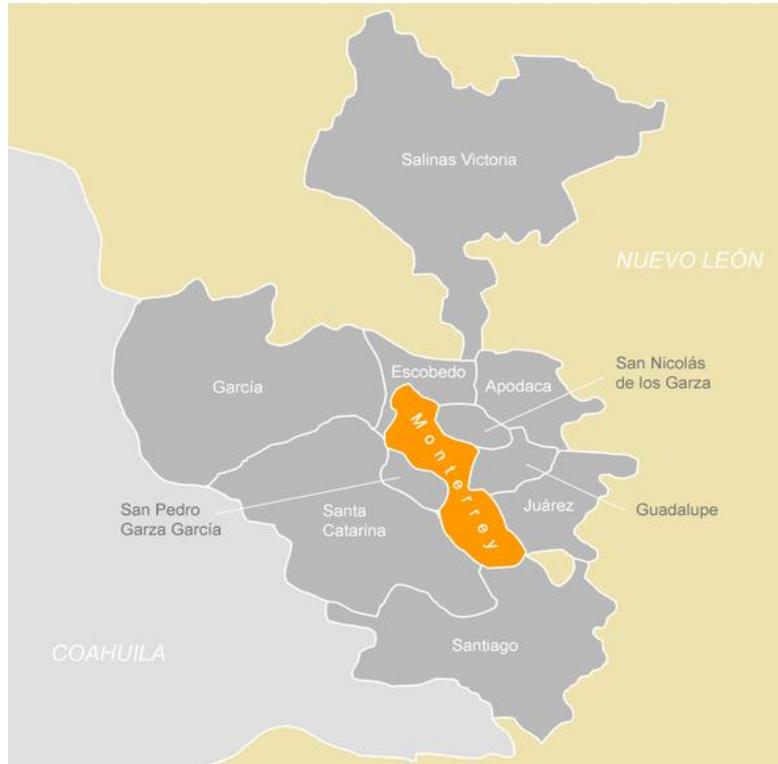
## INTRODUCTION

Monterrey, located in northeast Mexico, is the capital of the state of Nuevo León and the second largest metropolitan area in the country. It is a hub for corporations, industry, and business activity. Due to its location, approximately 2.5 hours south of Texas, it is considered a gateway for commerce and trade between the United States and Mexico. Serving as a focal point for intensifying bilateral trade and the current *nearshoring* trend, Monterrey possesses infrastructure and affluence well above the national average, making the metropolitan area a major current and future market for U.S. food and agricultural products.

Unlike some other major urban areas in Mexico, there was not a history of extensive settlement in the Monterrey area in the precolonial era. Following numerous unsuccessful attempts by Europeans to permanently settle the area, what is now known as Monterrey was founded by Diego de Montemayor in 1596. Growth was slow due to periodic floods and no apparent extractive sources of value, and the area remained a minor transit point for trade between San Antonio to the north and other cities within present day Mexico. It was not until the nineteenth century that the city bloomed into a major population center. A sizeable iron foundry was constructed in the city during the 1900s and was considered the first of its kind in Latin America. The foundry was followed by several mills owned by cement and glass companies, whose chimneys dominated the Monterrey skyline for many years. This economic boom and industrial base produced the foundation for what is today a modern hub of multinational manufacturing and industry. Nowadays it is considered the industrial capital of Mexico.

**Figure 1: Monterrey Location and Metro Area**





Monterrey and Nuevo León are bounded by the United States (Texas) to the north and by the states of Tamaulipas to the east and southeast, San Luis Potosí to the south and southwest, and Zacatecas and Coahuila to the west. With a mixture of services and manufacturing, Monterrey is the key to Nuevo León's status as the third largest state economy in Mexico, after the Federal District and the state of Mexico. Heavy industries such as ironworks and steelworks produce steel sheet-rolls and an array of other metal products. Monterrey's wide range of light manufacturing includes textiles, beer, processed foods, chemicals, and glass and plastic products. Auto manufacturing is also a major industry in Monterrey and nearby Saltillo. This extensive industrial base, and an increasingly robust tech and services sector, supported by the area's numerous higher educational institutions, made Monterrey the highest ranked city and Nuevo León the second-highest ranked state in Mexico on the 2022 *Urban Competitiveness Index*.<sup>1</sup>

High-rise hotels, office buildings and commercial plazas mark the central business district of both Monterrey and nearby municipalities such as San Pedro Garza García, which is often cited as the wealthiest community in all Latin America. Monterrey is also recognized as a popular destination for its nearby national parks and rock climbing. The varied urban landscape—from working class neighborhoods to wealthy enclaves and fashionable districts, often all in close proximity—characterizes Monterrey's blend of wealthy, middle-, and working-class residents. In general, the area's development and strong economy contrasts with the lower socioeconomic status of smaller cities and rural districts in

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<sup>1</sup> Centro de Investigación en Política Pública, <https://imco.org.mx/indices/indice-de-competitividad-urbana-2022/>

other parts of the country. Its proximity to the United States, but also its own respective economic strength, is a magnet for migration from more rural states of Mexico and throughout Latin America.

Today, beyond its own ever-growing infrastructure, Monterrey is situated on major highways, railroads and air routes for both domestic and international transit and trade. The major inland port of Laredo is a short drive north. In fact, including the Laredo area commercial crossings there are a total of eight truck and three rail commercial crossings within several hours of the metro area, spanning from Eagle Pass-Piedras Negras further north, down through the Rio Grande Valley (RGV) to Brownsville-Matamoros on the Gulf Coast. The gulf port of Tampico is also roughly 6-8 hours drive to the southeast. Monterrey is also heavily transited by people and goods moving to and from points further south such as Mexico City and Guadalajara. According to the last census in 2020, the Monterrey metro area is the second-largest urban area in Mexico with 5,341,171 inhabitants.

Recently, Monterrey's economy is characterized by strong growth in part due to its centrality in the *nearshoring* phenomenon. While this economic trend is playing out in all of Mexico, and Northern Mexico in particular, the state government recently estimated that Nuevo León is capturing 72 percent of all nearshoring investment in the country to date.<sup>2</sup> With this growth, the metro area has encountered several issues including acute water shortages owed to multiyear drought conditions and increasing water consumption demand, as well as deteriorating air quality resulting from a growing population and rapid expansion of surrounding industry. The continued surge of investment and commercial activity and the subsequent influx of migrants, laborers, and skilled workers, both domestic and expatriate, also appears to be straining the local supply of affordable housing. From June 2020 to June 2022, Monterrey reported an increase from, \$2,700 USD per square meter to \$3,100 USD; a rise of 12 percent and the highest cost of living in Mexico.

### Monterrey Metro Area Skyline



Despite these challenges, Monterrey is a vibrant and relatively affluent market by national standards that possesses close historical and cultural ties with the United States. As such, it is very well acquainted with U.S. food and agricultural products. Given the geographical advantages of the city and influence of U.S. culture, it is an ideal market for introducing U.S. products. Keep in mind that Monterrey is an international city that possesses robust hospitality geared primarily towards business travel.

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<sup>2</sup> [Government of Nuevo Leon.](#)

## RETAIL SECTOR

A number of national and multinational supermarket chains are present in the Monterrey metro area. With such a wide array of tastes and budgets in the city, there is a corresponding diversity of retail options available. Some of the larger grocery chains also maintain a range of store formats to better cater to these different demographics. Overall, within the metro area there are innumerable corner stores and *tiendas/tienditas*, nearly 2,000 chain convenience shops (e.g., Oxxo, 7-11), 197 grocery stores, 18 “big box” stores, (3 Costco, 10 Sams, and 5 City Club), and 16 premium grocery stores, including Soriana *Hiper* (12), HEB Market Prime (3), and City Market (1).

As in other parts of Mexico, corner stores/*tiendas* and the convenience store play an important role for neighborhoods and budget conscious shoppers, those on the go, or those needing to quickly grab basic necessities or single use items. For a more standard grocery store experience, national chain Soriana, Texas-based grocer HEB, and to a lesser extent La Comer’s Fresko are well established in the market. Soriana has over 80 locations in the metro area. The national chain designates their larger stores as *Super* and the largest, higher-end locations as *Hiper*. Soriana *Hipers* have an average of 23,000 sq. ft of space, with everything from food to home appliances. There are currently eleven *Hipers* in Monterrey and its suburbs. HEB manages over forty locations in Monterrey. Three of these HEB locations are designated as the upscale “Market Prime” locations, in which high end merchandise and a more upscale in-store experience seeks to draw in Monterrey’s higher-income shoppers. In fact, currently all three of HEB’s “Market Prime” locations in the city are located within the wealthy enclave of San Pedro Garza Garcia. At the upper end of the market is La Comer’s City Market, of which there is one location (also in San Pedro). Parts hypermarket, high-end specialty grocer, and gourmet food hall offering in-store dining, City Market only counts one location in the area but competes for consumers at the top range of the income bracket. Finally, the city also hosts numerous Wal-Mart locations, which much like in the United States, contain full scale grocery stores. The retailer also runs several other formats such as Bodega Aurrera, Wal Mart Express, and Superama.

In addition to primary supermarket chains, big box stores such as City Club, Costco, and Sam’s Club are present in the market. Families seeking value in bulk, but also many foodservice establishments look to these locations. Given the city’s cosmopolitan populace and relative wealth to other urban areas, Monterrey also has a varied landscape of custom retailers for products such as specialty cheeses and meats, bread/pastries, desserts, and alcohol. These include but are not limited to: Carnes Finas San Juan and Carniceria Ramos which are specialized in meat products; Vinoteca, La Cava, and La Castellana in the wine/spirits space; Bread Panaderos and Panem as examples of high-quality establishments in the bakery sector; and La Divinata and Pasteleria Lety specializing in desserts. However, given the city’s scale, this is only a small sample of the present and emerging chains in specialty products. Large international chains like Starbucks and Tim Hortons are also common in the coffee/bakery space. Although food price inflation is a concern for most Mexican consumers, particularly middle- and lower-income households, many of the supermarkets and big-box retailers mentioned above have locations, product lines and packaging formats that are attractive to a wide range of socioeconomic backgrounds.

In addition to supermarket locations, some companies also use Monterrey as their hub of operations and distribution. For example, HEB Mexico's main warehouse and distribution facility for the entire country is located in the metro area given its strategic location, and the retailer is expanding its own commercial-scale food processing capabilities in tortillas and other food products in the area. Monterrey also hosts an array of headquarters and production facilities for both national and international food and beverage brands. Arca (Topo Chico, Coca-Cola, Bokados brands), Heineken (Amstel, Miller Lite, XX, Sol), Gruma (Mission and Maseca brands), Gamesa (cookie factory), Mondelez, and Mars are several examples. Beyond food and beverage companies, a large industrial and multinational presence in the city brings with it a higher proportion of corporate and management-level staff and a relatively higher level of the population working in the formal economy. In general, this concentration of economic activity is a main driver behind the higher purchasing power of the average local consumer. Monterrey is also distinct from other urban areas in Mexico due to its concentration/proportion of consumers in the market for higher-end and premium products. More expensive or specialty U.S. food products that may struggle in other parts of the Mexican market can often find at least a niche following in an area such as Monterrey and surrounding environs.

## **FOODSERVICE SECTOR**

In a sophisticated and diverse culinary scene, where you can find taco stands in the streets, a proliferation of modern fast-casual outlets, luxury steakhouses and award-winning fine dining establishments, Monterrey is increasingly well regarded among Mexico's rich landscape of gastronomic destinations. Traditionally, restaurants in Monterrey focused primarily around regional cuisine centered on cuts of beef such as *arrachera* (most commonly skirt steak) and specialties such as *cabrito* (fire-roasted young goat). While tacos are a ubiquitous food throughout the country, Monterrey residents, or *regios*, are perhaps best known for enjoying the breakfast version also popular in Tex-Mex cuisine, with all manner of tasty fillings. A breakfast taco with *machacado* (dried beef in scrambled egg) is perhaps the most quintessential way to start one's day in Monterrey. These kinds of staples, and there are too many to give sufficient acknowledgement to them all, remain woven into the fabric of the region's gastronomy. Though in addition to a diversification of available cuisines in recent decades as Monterrey became more cosmopolitan, many establishments are pushing boundaries with traditional favorites, often 'elevating' or innovating upon these dishes in the city's trendier eateries. Many eateries/restaurants in the city also quite readily incorporate dishes that could be considered standard American fare.

There are all manners of restaurants, cafeterias, stands, and snack bars throughout Monterrey (estimated over 10,000 different locations). In the mid-1980s, some franchises like McDonald's developed their presence, followed by similar outlets such as Burger King, Wendys and others, but the area boasts a number of local/original franchises in this space. Overall, the restaurant sector contracted during the COVID-19 pandemic, but Mexico's decision at federal, state and local levels to avoid stringent lockdowns allowed many establishments to sustain themselves, although with altered formats and heavier reliance on mobile purchases. Looking at more formal establishments with brand recognition and multiple locations, in September 2020 Monterrey had an estimated total of 1,692 brands and 3,722 branches throughout the metro area in the foodservice sector. These include tacos, pizza, seafood, fast

food, international and those focusing on desserts/pastries. In terms of volume, food locations described as fast casual are the largest segment, with the average spending per visit for these at an estimated \$8-15 USD per ticket. The criteria for different formats is as follows<sup>3</sup>:

- **Fast food (195)**- No waiter or table service. Average spending \$8 USD or less.
- **Fast casual (924)**- Similar but often more upscale menu offerings than fast food, highlighting quality or sustainability of the ingredients. Average spending between \$8 and \$15 USD.
- **Casual dining (284)** – Average spending between \$15 and \$30 USD.
- **Buffet (20)**– Self-service and fast casual hybrid. Average spending between \$8 and \$20 USD.
- **Delivery or pick up (118)**- No tables, orders are entirely by apps although some offer limited counter service at physical location. Average spending between \$8 and \$20 USD.
- **Dark kitchens (107)**- No tables, orders are done by phone or apps, no pickup option. This format grew in importance during pandemic. Average spending \$10 and \$30 USD.
- **Premium casual dining (34)** – Table service, more elaborate menu, and more attention in service, environment, and customer experience. Average spending \$30 to \$50 USD.
- **Fine dining (10)** – Full table service, elaborated menu that includes non-traditional cooking technics. Average spending \$50 USD or more.

This criteria, while covering a wide swath of the city’s restaurant landscape, doesn’t entirely capture the growth and evolution of the sector outside of restaurants with established brands and multiple locations. In Monterrey’s premium and fine dining space in particular, which is growing and evolving, themes common in many other culinary scenes around the world such as elevating and innovating upon traditional recipes, and highlighting quality and sustainability are key elements. Additionally, locations offering a range of different vendors and service formats, often referred to as food halls, *mercados gastronomicos* or any shared space for food and beverage vendors, have proven to be popular in the city. These spaces offer the dual benefit of providing smaller foodservice businesses/vendors a more formal physical location with lower costs than a standalone facility, while also offering the customer a space with multiple options in a casual and authentic atmosphere.

As previously mentioned, the traditional Monterrey restaurant scene skewed heavily towards meat and tacos on the menu, and to a degree that is still true today, although with much greater variation. In addition to the area’s rich *norestense* cuisine, other international cuisines add to the city’s cosmopolitan feel. Spanish and Asian cuisine, mostly in the form of tapas and sushi/ramen, respectively, have thrived throughout the metro area. Other European cuisines, including French and Italian, are also common. American cuisine is of course heavily represented throughout all value segments, with not just recognized fast-food and chain restaurants, but categories such as barbecue (heavily influenced by the nearby Texas variety) also very popular. However, plant-based food is also gaining a foothold among increasingly health-conscious diners in what has historically been a meat-centric city. In fact, quite a few

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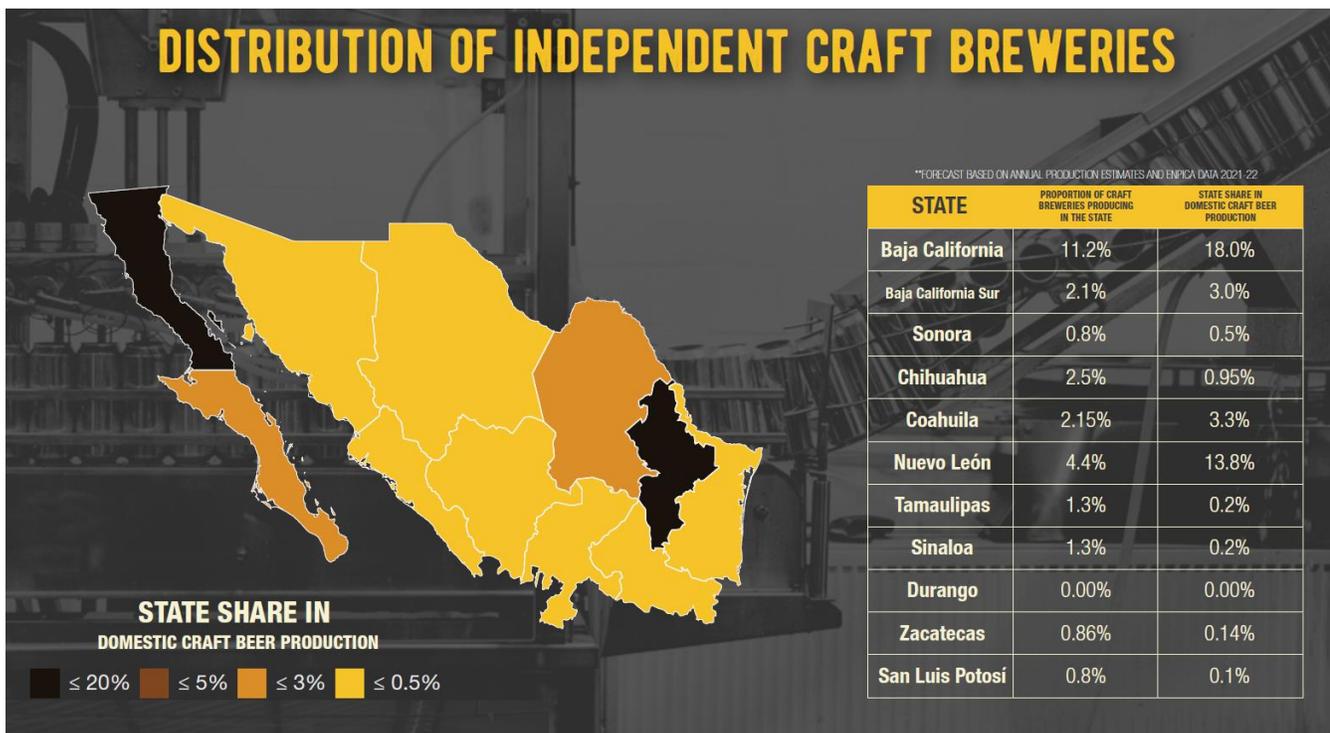
<sup>3</sup> Data provided by [Residente – Cultura Culinaria](#)

restaurants in which meat is the feature ingredient (steakhouses, traditional/regional, barbecue, bar/grill) are beginning to highlight vegetarian/vegan menu items to widen their appeal.

**IN FOCUS: MONTERREY’S EMERGING CRAFT BEER SECTOR**

In the beverage space, large Mexican and global beer brands continue to dominate this sector, but Mexico’s craft beer movement has grown exponentially; over twelve-fold in the last decade in terms of volume of production.

**Figure 2: Nuevo León, 2<sup>nd</sup> in Northern Mexico, 3<sup>rd</sup> Nationally in Craft Beer Production Volume**



Source: Mexican Brewers Association (ACERMEX)

While states such as Baja California, Jalisco, Mexico City, and Queretaro are considered at the forefront of Mexico’s craft beer movement, Monterrey is very much considered a beer town (or *cheve* in local parlance). Between March of 2019 and 2020, 62 percent of households bought beer, drinking 41.12 liters annually.<sup>4</sup> This puts Monterrey at the top of the list, nationally. As such, in Mexico’s small but emerging craft beer scene, Monterrey can be considered an important part of the landscape. In 2022, the state of Nuevo León accounted for 4.4% of all craft breweries in Mexico, most of which are in/around Monterrey. This ranks 6<sup>th</sup> nationwide. However, in terms of beer volume produced by craft breweries, Nuevo León ranks 3<sup>rd</sup> behind only Baja California and Jalisco.<sup>5</sup> The sector is growing in Monterrey, with 15 craft breweries in December 2014 growing to 35 in the present day. Beer is Mexico’s highest-value food/agricultural export to both the United States and the world, and many of these well-known

<sup>4</sup> Milenio, [Zona noreste, donde mas se consume cerveza en Mexico](#)

<sup>5</sup> Mexican Brewers Association (ACERMEX), Reporte de la Industria 21-22

beers incorporate U.S. hops, barley and/or malts. The Mexican craft movement can also be considered a small but avid client of U.S. brewing ingredients. The styles represented in Monterrey's craft brewing scene, while very much growing out of local traditions and tastes, often incorporate or mirror popular U.S. craft styles such as pale ales, India pale ale and its variants, stouts, and many others.

This growing trend of craft appreciation in the region is also linked to greater availability of craft beer in the market from the United States and beyond. To date, U.S. craft and mass-produced beer is most common in the Monterrey retail sector as opposed to foodservice. Craft beer-specific bottle shops, while present, remain rare. In most area grocery stores, one will find several U.S. mass-produced beers, as well as many well-known examples of the U.S. craft beer movement such as Goose Island, Lagunitas, Samuel Adams, Shiner, and Sierra Nevada. Moving into the upper segment of the grocery sector in Soriana *Hiper*, HEB Market Prime, and City Market, consumers are faced with a very crowded and competitive aisle. At time of publication, these retailers carried anywhere from 50 to over 100 individual craft beer offerings at their Monterrey locations.

## **VISITOR PROFILE**

Monterrey is not often the first location in Mexico when thinking about travel destinations, but it is heavily visited by both domestic and international business travelers and boasts a modest but growing tourism economy. Additionally, proximity to the United States has created very deep ties, often with communities in Texas' RGV as well as the state's larger metro areas. Putting aside for a moment the significant volume of car travel that occurs between Monterrey and the United States, based upon arrival data at Monterrey International Airport (MTY), in 2019 there were 11.2 million passenger arrivals, of which 1.4 million were international visitors. Total arrivals fell steeply to 4.99 million in 2020 on account of the pandemic, but rebounded to 10.9 million in 2022, and looks set to increase further in 2023, with 9.8 million arrivals through September and an average of over 1 million arrivals per month. A majority of arrivals are domestic, but international arrivals have recovered at a quicker rate since 2020, returning to 1.4 million in 2022 and already reaching 1.37 million through September 2023.<sup>6</sup>

Monterrey and the surrounding region boast numerous sites of historic and touristic interest. The Sierra Madre Oriental Mountain range in which Monterrey is situated also draws in visitors for its world class rock climbing. Overall, though, tourist volume is much lower than in Mexico's tourist hotspots such as Cancun, Los Cabos, Mexico City, Oaxaca, and others. In general, tourism in Monterrey is outweighed in volume by corporate and business travel, given the concentration of industrial and corporate activity in Nuevo León. As such, the profile of the establishments catering to them often reflect this in their ambience and offerings.

## **LOCAL RESIDENT PROFILE**

Monterrey is sometimes referred to as "Sultan of the North", and the city's residents also bear a unique identifier: *regiomontanos*, or *regios* for short. Aside from meaning simply someone from the Monterrey area, the moniker is often used to describe the northeastern city's culinary traditions and habits, business

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<sup>6</sup> Grupo Aeroportuario Centro-Norte (OMA), [Estadísticas de Pasajeros](#)

customs and lifestyle, and Spanish dialect that varies distinctly from other areas of Mexico. As noted in this report's *RETAIL* section, the local consumer in Monterrey skews towards a higher level of disposable income than the national average. Gathering in groups of family or friends to make a *carne asada* at home and drinking cold *cheves* in the often extremely hot weather is a regular and valued activity. The city's restaurants are geared towards dining with friends and extended family, but also very attuned to the needs and expectations of businesspeople.

Being 2.5 hours away from the U.S.-Mexico border, Monterrey residents also make their impact in the United States in terms of shopping and eating. Many residents travel frequently to the United States, Texas in particular. They often make trips specifically for U.S. shopping outlets and brands. Their familiarity with U.S. brands is very high, and so many U.S. dining franchises are popular among local residents and readily available in Monterrey as well (Starbucks, Cheesecake Factory, IHOP, Chili's, to name a few). Travel to Texas for shopping remains a very common activity. Many consumer goods (e.g. clothing, electronics) are still significantly less expensive in the United States and merit the cross-border travel. However, in terms of food and beverage products, the differences between a grocery store experience in the United States vs. Mexico have narrowed significantly in recent years, to where the variety and price of a supermarket's core products could be largely indistinguishable in either country.

In addition to heavy travel between Monterrey and Texas, many middle- and upper-income residents are well-traveled far beyond the region and expect and appreciate the culinary experiences available to them while outside of Monterrey. Through these experiences, travelers develop an appreciation for the destination's regional cuisine and/or ingredients (e.g. Alaskan cruises generating more local interest in wild-caught, sustainable seafood from Alaska and Pacific-Northwest). In turn, these products/ingredients have become more common on the menus of Monterrey's high-end eateries, whereby the clientele can bring those experiences a little closer to home.

## **RECOMMENDATIONS**

The Monterrey market is currently characterized by higher-than-average affluence than the national Mexican market, a thriving hospitality sector geared primarily towards corporate/business travel, as well as a higher familiarity with U.S. products among local consumers due to deep cultural ties and geographic proximity to the United States. Some recommendations for both current and prospective exporters include:

- New to export companies should explore available export assistance through their respective regional trade group, state-level Department of Agriculture and/or industry association. The ATO in Monterrey observes that, while local importers and distributors are widely available and accessible virtually, U.S. exporters that come to see the market firsthand often develop sales leads and finalize sales much more rapidly through in-person networking.
- Monterrey, and Mexico as a whole, host a number of significant food and beverage-related expos throughout the year (e.g. ExpoCarnes in Monterrey, Expo ANTAD in Guadalajara). Also in

tandem with the relevant industry association or state/regional trade group, exporters should consider attendance/participation at these shows as an ideal opportunity to generate leads and contacts.

- Given the strong socioeconomic situation in the Monterrey market, the consumer profile arguably has a higher tolerance on price point, and thus imported products. Specialty and higher-price items that may struggle in other parts of Mexico may succeed in finding a niche in this region.
- For sector-specific information or specific regulations on exporting food and agricultural products, access the USDA Global Agricultural Information Network (GAIN) system for a range of annual public reporting. Key reports related to this Market Snapshot include:
  - [Mexico: Exporter Guide](#)
  - [Mexico: Food and Agriculture Import Standards and Regulations \(FAIRS\)](#)
  - [Mexico: Food Service – Hotel Restaurant Institutional](#)
  - [Mexico: Food Processing Ingredients](#)
- Mexico is a diverse country with many regional and local factors to consider when developing trade opportunities. The ATOs in Monterrey and Mexico City continue to publish Market Snapshot reports on various cities/regions within the country to provide U.S. exporters with insight into the unique opportunities that may exist at a sub-national level. Other Market Snapshots published to date include:
  - [Guadalajara](#)
  - [Los Cabos](#)
  - [Mexico City](#)

## **FOR MORE INFORMATION**

Additional FAS/Mexico information is available at: <https://www.mexico-usda.com.mx> or visit USDA GAIN for a complete selection of Mexico-specific and worldwide agricultural reporting.

## **Attachments:**

No Attachments.